

UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

slide 2 / 81



Unauthorized Commitments

Unfortunately, Veterans Affairs also exhausts time and budget dollars addressing unauthorized commitments when these purchases are not made according to established procedures.

Navigation icons: back, play, stop, volume, closed captions, and close.



To prevent this waste it is vital that we understand and follow the proper procedures for purchases and avoid situations where an unauthorized commitment may occur.

UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

slide 4 / 81

**What is an
Unauthorized
Commitment?**

As defined in the FAR, an unauthorized commitment is an agreement that is not binding, solely because the government representative who made it lacked the authority to enter into that agreement on behalf of the government.

Agreement

As defined in the FAR, an Unauthorized Commitment is an agreement that is not binding solely because the government representative who made it lacked the authority to enter into that agreement on behalf of the government.

Unauthorized Commitments do not always result from an intentional act, but there are many causes that can result in an Unauthorized Commitment. Click on each of the pictures (left to right) to reveal some of the common causes.



The purchaser is unaware that a valid contract has expired.



[Back](#)

Common Causes of Unauthorized Commitments

Approving work that is beyond the scope of the contract.



Back

Approving work that is beyond the scope of the contract.

Common Causes of Unauthorized Commitments

The purchaser is in a hurry and does not process a requisition for the goods or services.



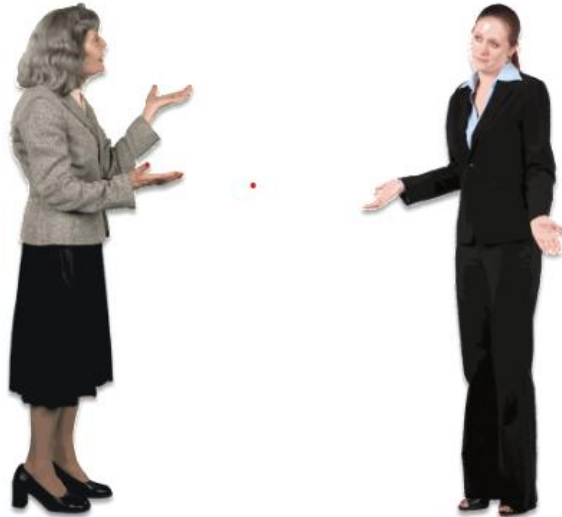
Oh, no! He forgot to sign this!!



Back

Common Causes of Unauthorized Commitments

Not getting prior approval, or the idea that “begging forgiveness” is better than being denied permission.



Back

Not getting prior approval, or the idea that “begging forgiveness” is better than being denied permission.

Common Causes of Unauthorized Commitments

A desire to support the mission or please the boss.



Back

A desire to support the mission or please the boss.



UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

slide 11 / 81



ACTIVITY

Common Causes of Unauthorized Commitments

Splitting an order to make a purchase that, when totaled, exceeds the delegated level of authority.

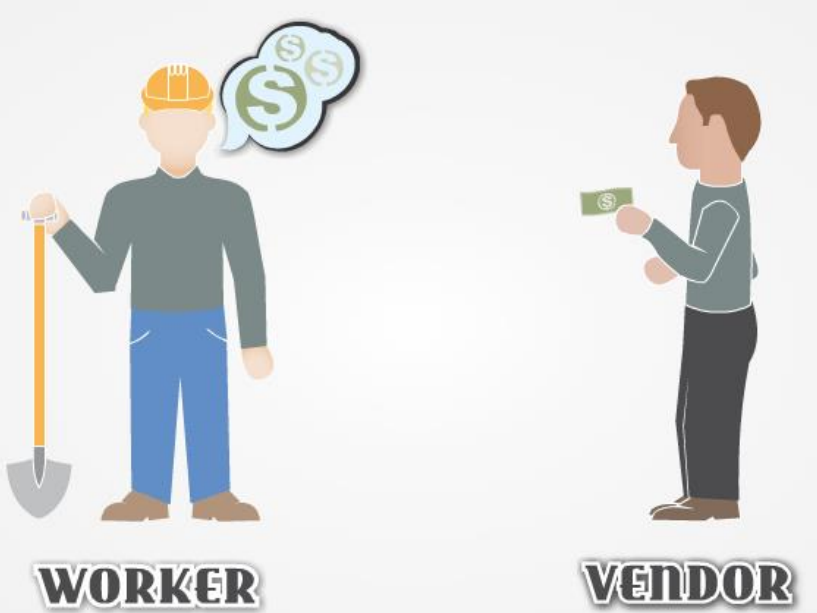


Back

Splitting an order to make a purchase that, when totaled, exceeds the delegated level of authority.

UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

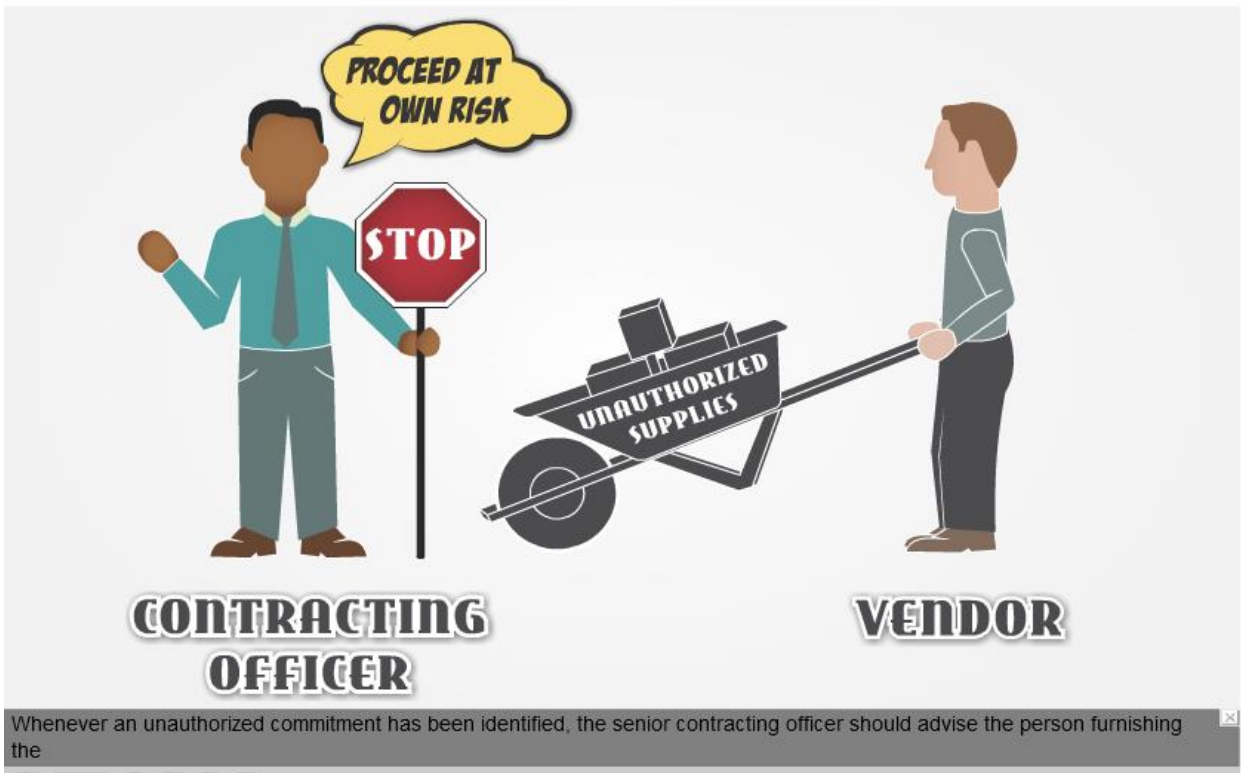
slide 14 / 81



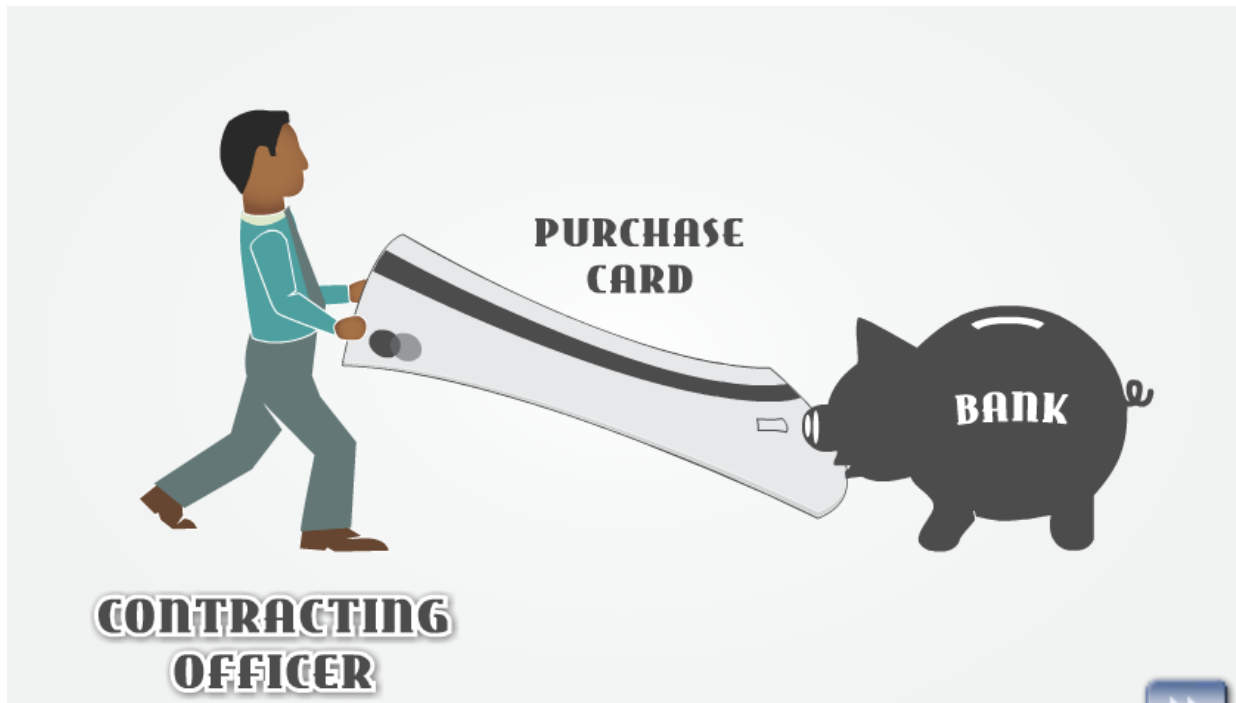
WORKER

VENDOR

Ratifying an unauthorized commitment is both time consuming and costly.



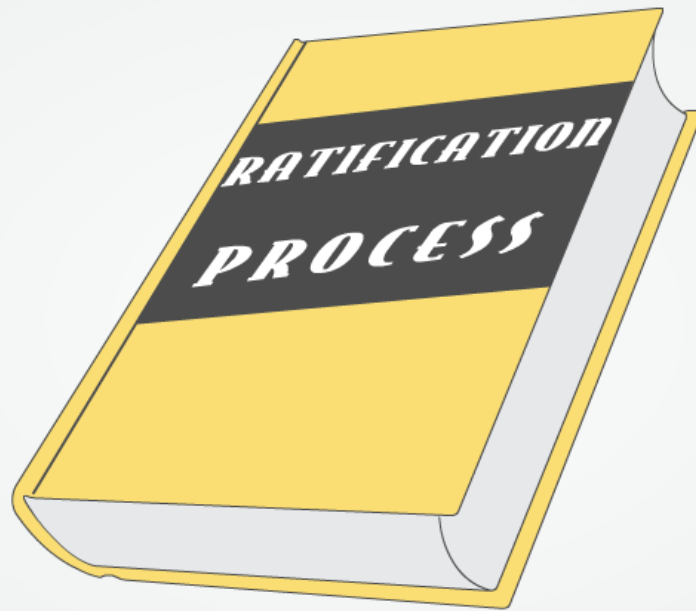
unauthorized supplies or services that they are being provided at the person's own risk and advise the person to stop.



If payment was made by purchase card, the contracting officer with the purchase card coordinator must take action to stop or recover the payment.



The individual who made the unauthorized commitment will be notified of the seriousness of the act and possible consequences, and require compliance with VAAR 801.602-3.



VAAR 801.602-3 describes the responsibilities of Contracting Officers during the ratification process, as well as the requirements for submitting a request for ratification.

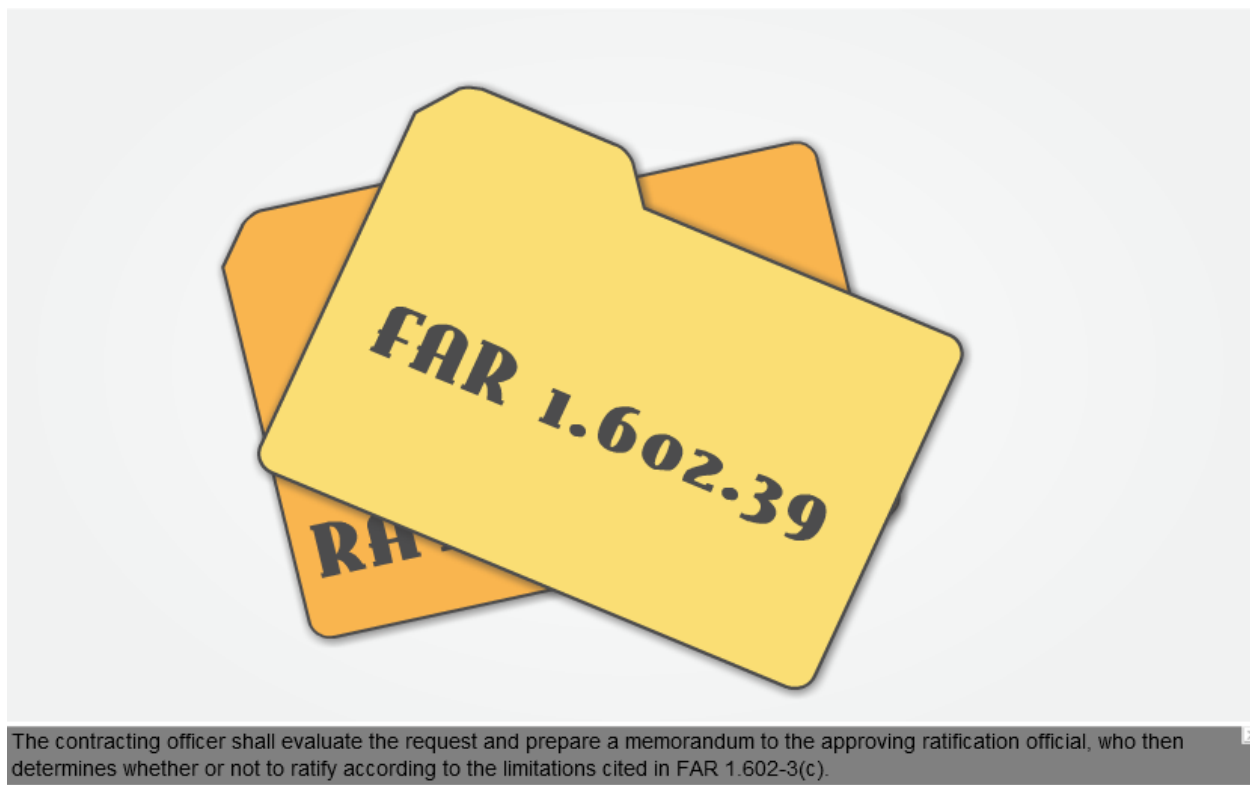
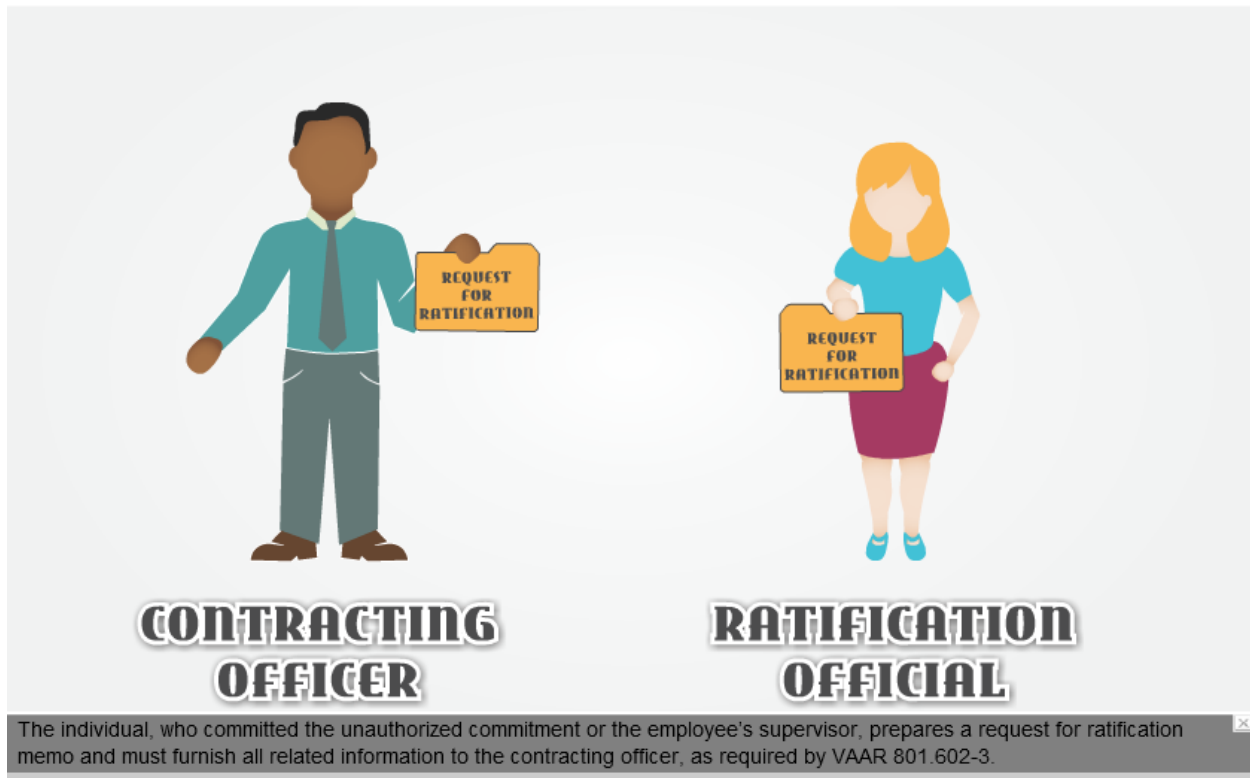


**RATIFICATION
OFFICIAL**



**CONTRACTING
OFFICER**

The contracting officer shall evaluate the request and prepare a memorandum to the approving ratification official, who then determines whether or not to ratify according to the limitations cited in FAR 1.602-3(c).





**RATIFICATION
OFFICIAL**



**CONTRACTING
OFFICER**

FAR 1.602-3 describes the policy and limitations for the approval of ratifications.



**RATIFICATION
OFFICIAL**

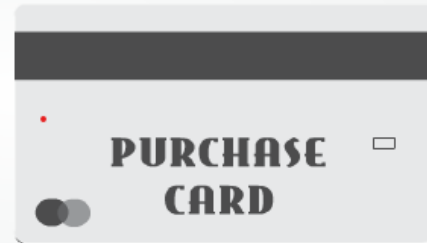
The ratification official shall review the material and either approve or disapprove the request and return the package to the contracting officer.

OFFICIAL

If approved, the contracting officer assigns a PO or Contract Number to the Approved Request and MUST clearly indicate that it is a ratification of an unauthorized commitment.

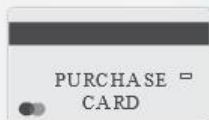
OFFICIAL

If denied, the contracting officer will send a letter to the vendor and the individual explaining the decision not to ratify.



In addition, if the ratification is denied, the individual may receive a bill for all purchase costs that cannot be stopped or recovered.

PERSONAL LIABILITY for Purchase Amount



VA employees who make unauthorized commitments may also be subject to legal consequences, which can be severe and may include:

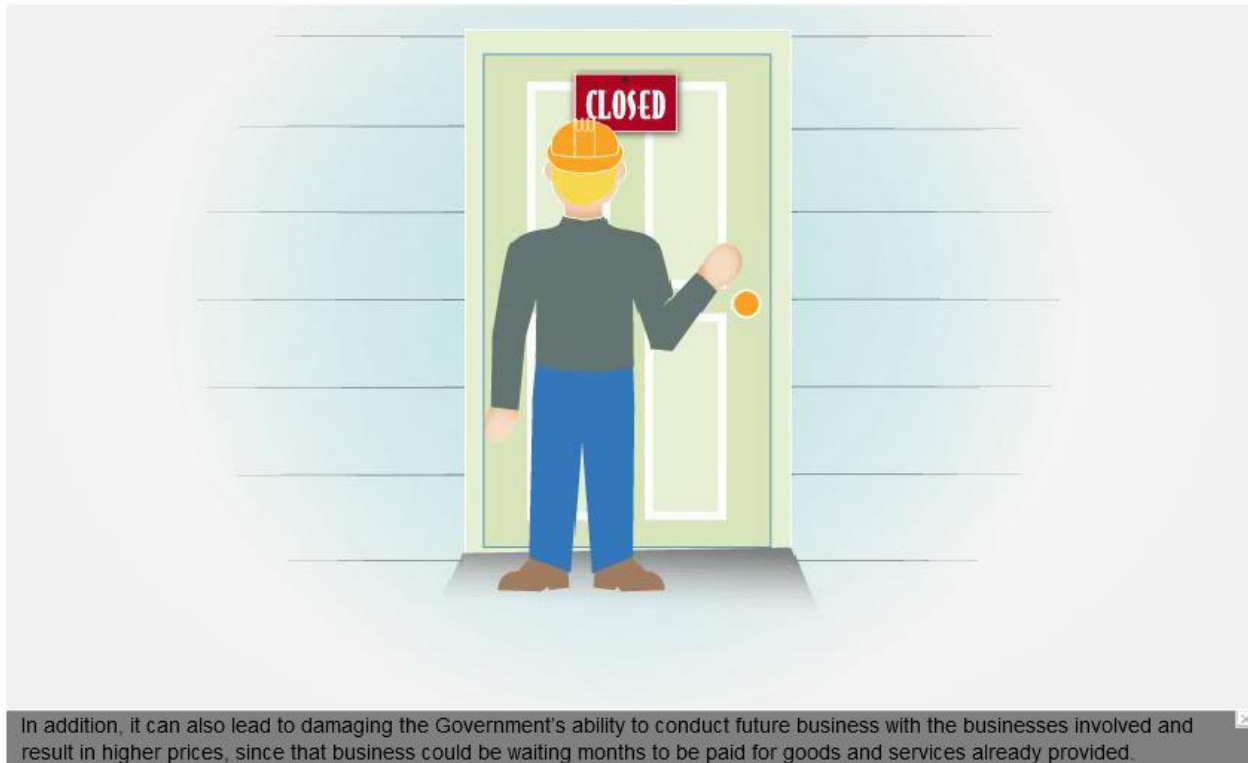
Personal liability for the amount of the purchase, which means that you will be required to pay for the entire cost of the purchase.

Revocation of purchase card authority.

Suspension without pay or termination of employment.

A letter of counseling may be attached to your permanent record.

And if you are a contracting officer, your warrant can be removed permanently.



In addition, it can also lead to damaging the Government's ability to conduct future business with the businesses involved and result in higher prices, since that business could be waiting months to be paid for goods and services already provided.

Use the keyboard (tab to navigate to and space to select) or your mouse to select your response

As a result of an Unauthorized Commitment, Veterans Affairs may be negatively impacted by which of the following?

- ☐ The VA will not receive the purchased items due to breach of contract
- ☐ The VA will need to place another order for supplies
- ☐ The VA will spend unnecessary time and resources toward ratification
- ☐ The VA will not be allowed to purchase these goods or services at anytime in the future

Use the keyboard (tab to navigate to and space to select) or your mouse to select your response

Which of the following is TRUE regarding potential penalties for having made the Unauthorized Commitment?

- ☐ If it isn't ratified, the vendor will be fined for delivering goods or services
- ☐ The employee will have no personal liability
- ☐ VA will need to place another order for the supplies
- ☐ The employee could be suspended or terminated



UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

slide 31 / 81




Making legal commitments on behalf of the government involves everyone - and it requires that everyone knows what their responsibilities are in order to avoid making an unauthorized commitment.



UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS





ONLY a Warranted Contracting Officer or Purchasing Agent can legally make commitments to contractors, companies, or individuals, or sign or verbally issue requests for them to perform work.



Nobody else in the government can legally make commitments, so always ensure that the vendor knows you are not authorized to place orders.



Nobody else in the government can legally make commitments, so always ensure that the vendor knows you are not authorized to place orders.



UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
UNAUTHORIZED COMMITMENTS

slide 32 / 81



Only a warranted contracting officer or purchasing agent can lawfully make commitments.





Warrant



Certificate of Appointment	
<small>Under authority vested in the undersigned and in conformance with Subpart 1.8 of the Federal Acquisition Regulation</small>	
<small>is appointed</small>	
Contracting Officer	
<small>for the</small>	
United States of America	
<small>Subject to the limitations contained in the Federal Acquisition Regulation and to the following:</small>	
<small>Unless sooner terminated, this appointment is effective as long as the appointee is assigned to:</small>	
<hr/>	<small>(organization)</small>
<hr/>	<small>(agency/department)</small>
<hr/>	<small>(Signature and Title)</small>
<hr/>	<small>(Date)</small>
<hr/>	<small>(Date)</small>
<small>STANDARD FORM 682 (10-83) Prescribed by GSA (FPMR) (41 CFR) 101-11.6</small>	

A warrant is a government issued certificate of appointment that authorizes the owner to make commitments on behalf of the government.

Unless you have completed the necessary education and training required to qualify for a warrant, have received official approval for a warrant, and possess a valid SF-1402 Certificate of Appointment with your name on it, you cannot make

How to Avoid Making an Unauthorized Commitment

It is everyone's responsibility to avoid making an Unauthorized Commitment

Click on the images (left to right) for tips that will help you to avoid making an unauthorized commitment.



It is everyone's responsibility to avoid making an unauthorized commitment.
Click on the images for tips that will help you to avoid making an unauthorized commitment.

How to Avoid Making an Unauthorized Commitment

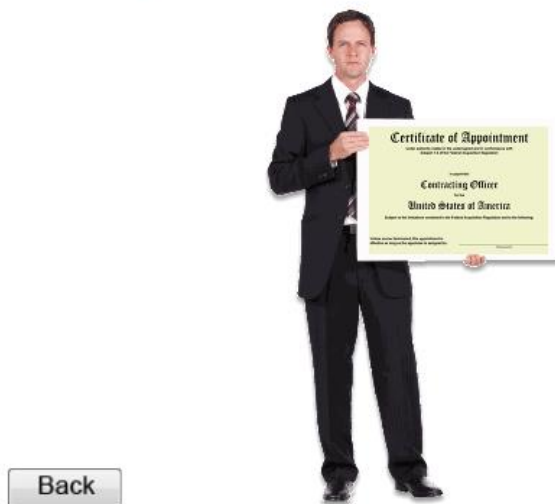
Be careful that your words and/or actions are not misinterpreted as the placement of an order.



Be careful that your words and/or actions are not misinterpreted as the placement of an order.

How to Avoid Making an Unauthorized Commitment

DO NOT place any orders or make any commitments to contractors, companies, or individuals, or sign or verbally issue requests for them to perform work unless you are a Warranted Contracting Officer or Purchasing Agent.



DO NOT place any orders or make any commitments to contractors, companies, or individuals, or sign or verbally issue requests for them to perform work unless you are a Warranted Contracting Officer or Purchasing Agent.

How to Avoid Making an Unauthorized Commitment

If you are a contracting officer or purchasing agent and being pressured to sign a contract or purchase order, or to make a credit card purchase that you know is not legal or proper, just say "NO". You are the person who will be held accountable, not the person who pressured you.



Back

If you are a contracting officer or purchasing agent and being pressured to sign a contract or purchase order, or to make a credit card purchase that you know is not legal or proper, just say "NO". You are the person who will be held accountable,

not the person who pressured you.

How to Avoid Making an Unauthorized Commitment

You may be limited by what you may purchase and the dollar value of the purchase.

Exceeding these limits will result in an unauthorized commitment, including use of a government purchase card.

Never split the cost of a purchase to stay within purchase card dollar limits.



Back

You may be limited by what you may purchase and the dollar value of the purchase. Exceeding these limits will result in an unauthorized commitment, including use of a government purchase card.

How to Avoid Making an Unauthorized Commitment

Do not issue funds to any supplier or contractor without an authorized contract, REGARDLESS of dollar amount.



Do not issue funds to any supplier or contractor without an authorized contract - REGARDLESS of dollar amount.

How to Avoid Making an Unauthorized Commitment

If you are working with a vendor that:

- Offers to send you the products
- Wants to agree on a delivery date
- Discusses payment terms, or
- Wants to negotiate a price

I am not authorized to discuss the details at this moment!

STOP the discussion! Tell the vendor that you are NOT authorized to place orders or discuss contract terms.



If you are working with a vendor that:

Offers to send you the products, wants to agree on a delivery date, discusses payment terms, or wants to negotiate a price

STOP the discussion! Tell them that you are NOT authorized to place orders or discuss contract terms.

Select the definition that best describes the Contracting Officer.

- ☐ Is not authorized to make commitments
- ☐ Occasionally gets involved in the acquisition process
- ☐ Is any employee working directly with a vendor
- ☐ Can legally make commitments with an SF-1402 Certificate of Appointment warrant

Select the definition that best describes an Unauthorized Commitment.

- ☐ A purchase for goods or services authorized by an active contract
- ☐ A contractual commitment made by a warranted contracting officer
- ☐ Approving work that is beyond the scope of the contract
- ☐ Working with the vendor to complete deliverables specified in the contract

Select the phrase below that best describes purchase cards.

- ☐ Provide limited purchasing authority.
- ☐ Can be used to make larger purchases by splitting the purchase into smaller amounts.
- ☐ Are available to every VA employee for any VA use.
- ☐ Are personal credit cards used for VA business related purchases for which a reimbursement request will be submitted.

Which of the following situations will avoid making an unauthorized commitment

- ☐ Approving work that is beyond the scope of the contract
- ☐ Splitting a purchase to stay within purchase card limits
- ☐ Ordering goods or services before processing a requisition
- ☐ Getting your purchasing agent involved during planning
- ☐ Casually discussing contract terms with the vendor during lunch



Just remember that if you are not a warranted contracting officer or purchasing agent, DO NOT make any commitments on behalf of the government - it's not your role.

By working together and always following established procedures, you can avoid making an unauthorized commitment.

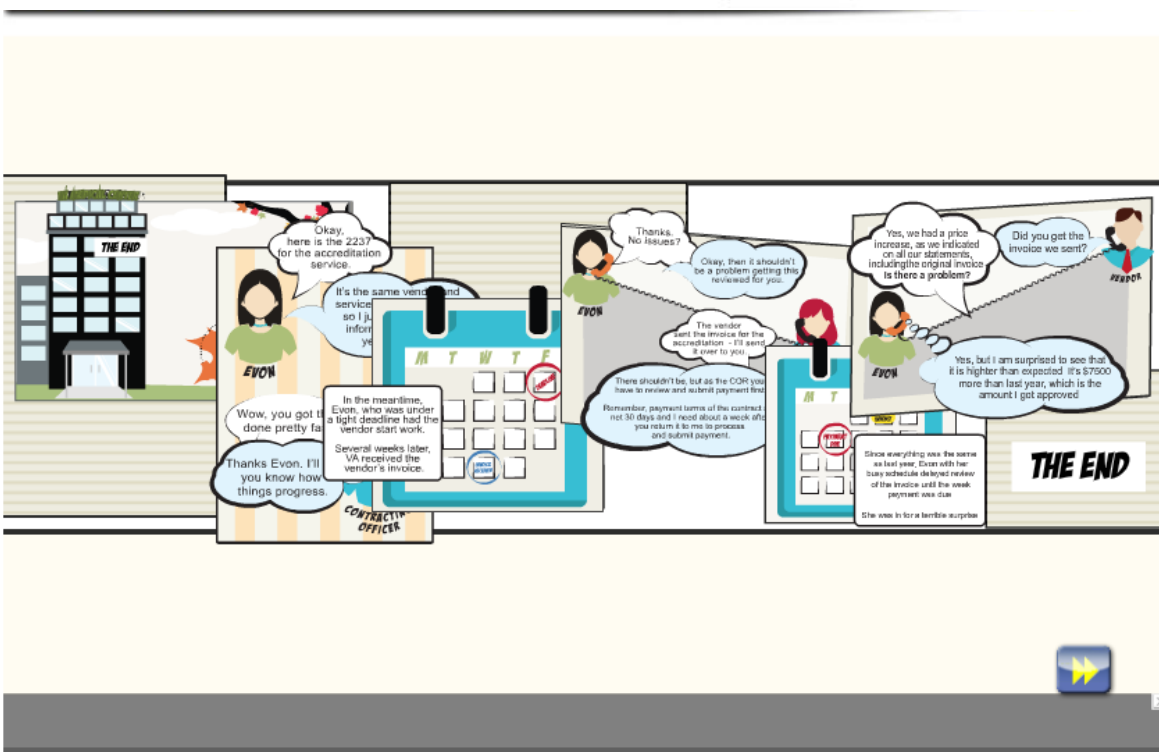
As a result of the unauthorized commitment, which event will NOT occur?

- ☐ A) The unauthorized commitment will need to be processed for ratification
- ☐ B) The vendor must wait to be paid for services already provided
- ☐ C) Evon may get a promotion for saving the government money
- ☐ D) Evon may be required to pay the difference in cost if this is not ratified

Question 3 of 10

Clear

Submit Answer



What was the cause of the unauthorized commitment made by Evon?

- ☐ A) Splitting a procurement in order to make a purchase above contract warrant
- ☐ B) Evon allowed the vendor to proceed with work before completing the 2237 process
- ☐ C) Approving work beyond the scope of the contract
- ☐ D) Evon did not make an unauthorized commitment

Question 1 of 10

Clear

Submit Answer

Which statement below did NOT lead to the unauthorized commitment Evon made?

- ☐ A) The vendor changed the price after service was performed
- ☐ B) Evon only looked at last year's requisition order for cost information instead of the new invoice
- ☐ C) Evon failed to verify costs with the vendor
- ☐ D) Evon scheduled service prior to approval

Question 2 of 10

Clear

Submit Answer

As a result of the unauthorized commitment, which event will NOT occur?

- ☐ A) The unauthorized commitment will need to be processed for ratification
- ☐ B) The vendor must wait to be paid for services already provided
- ☐ C) Evon may get a promotion for saving the government money
- ☐ D) Evon may be required to pay the difference in cost if this is not ratified

Question 3 of 10

Clear

Submit Answer

The comic strip depicts a scenario at a VA facility. It begins with a text box stating: "Jake works at a VA facility that needs mandated regulatory service to be performed for the fire extinguishers located in his building." A calendar shows the current date as Friday, with a red 'X' over it, and a clock indicates it is 3:00 PM. A character named Steve asks, "Did we get that regulatory service yet?". Jake responds, "Well, the contractor we have used in the past can provide next-day service as long as I can get the order in before 4:00 PM." Steve replies, "No, and it needs to be performed by early next week...". Jake then says, "It makes sense to me. The service will be done on time, the paperwork will be in, and the vendor will get paid. Everybody's happy!". However, Steve counters, "We are short on time, so I think we should schedule the service while we still can." Jake concludes, "If we don't the service will never get performed on time. And this is technically a critical safety issue, as well. Then we can submit the paperwork before leaving today." The comic ends with a large "THE END" panel. A yellow arrow button is located in the bottom right corner of the comic area.

What should they do in this situation?

- ☐ A) Submit a proper request even though you know this will delay having the mandated regulatory service performed
- ☐ B) Order the service and submit the requisition later. This is a mandated service and must be performed as soon as possible
- ☐ C) Order the service and submit the requisition later – it's easier to apologize later for the error now then to ask permission to get it done
- ☐ D) Submit a proper request later because this is a critical issue

Question 4 of 10

Clear

Submit Answer

Use your keyboard (tab to answer then spacebar) or your mouse to select the best answer. Select Submit then wait momentarily for screen to advance

What was the cause of the unauthorized commitment?

- ☐ A) In a hurry and rushed established procedures
- ☐ B) Belief that “begging forgiveness” is easier than asking permission
- ☐ C) Approving work beyond the scope of the contract
- ☐ D) Misuse of a government purchase card

Question 5 of 10

Clear

Submit Answer

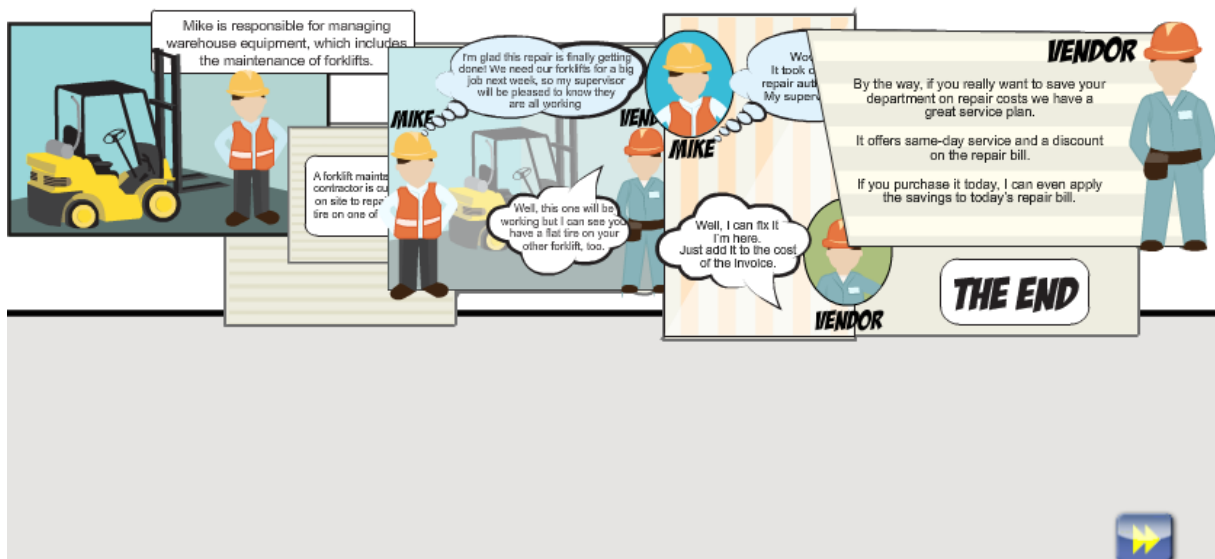
As a result of their actions, which of these may occur?

- ☐ A) The service will be done on time. The paperwork will be in. The vendor will get paid. Everybody's happy
- ☐ B) A critical safety issue will be resolved according to established procedures
- ☐ C) A procurement order processed in the next 45 minutes
- ☐ D) They may be liable for the cost of any services provided

Question 6 of 10

Clear

Submit Answer



What responses should Mike consider in this situation?

- ☐ A) Do not have the second tire repaired. Instead process a proper request to have the service performed at a later date
- ☐ B) Try to get an approval tomorrow for the service to be performed today
- ☐ C) Ask the vendor if he can repair the flat tire since the agency mission requires this equipment to be functional
- ☐ D) Ask the vendor if he can repair the flat tire at a discount since he is already here. This will save the government money

Question 7 of 10

Clear

Submit Answer

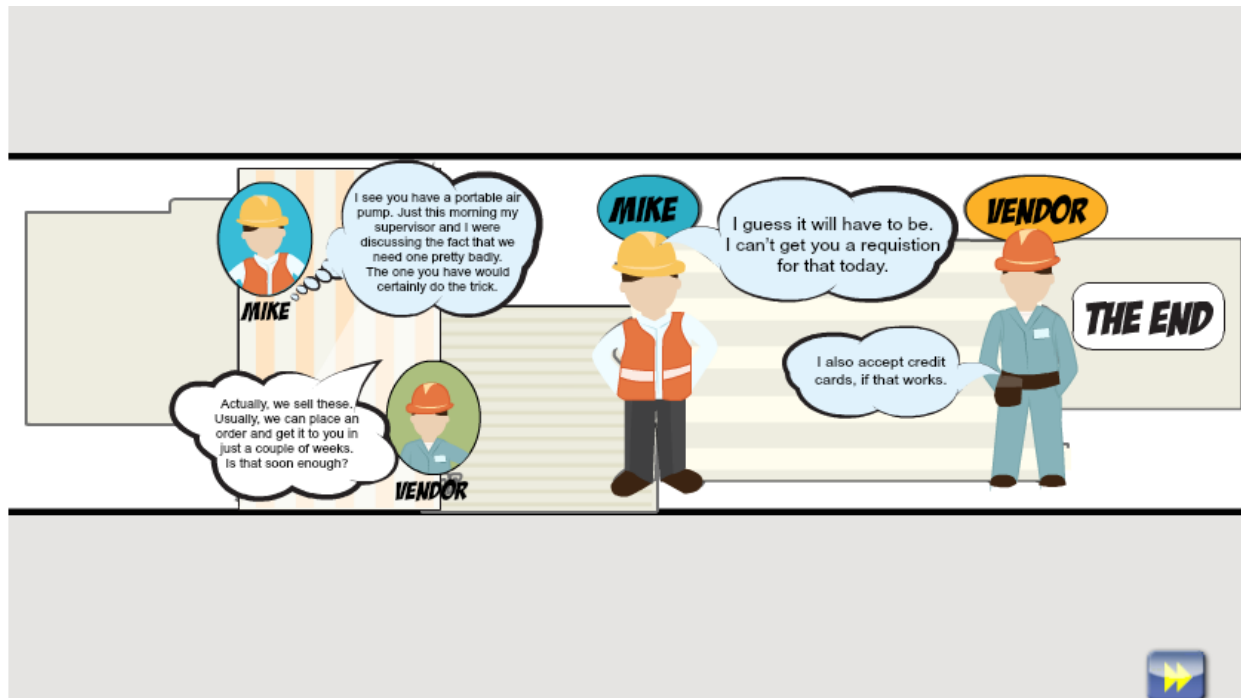
How should Mike respond?

- ☐ A) "That sounds like a great deal for the government. Just send the price details to my email."
- ☐ B) "I do not have the authority to make any commitments on behalf of the government."
- ☐ C) "That sounds like a great deal for the government. Let's get it before it expires and I'll submit the requisition tomorrow."
- ☐ D) "I do not have the authority to make any commitments on behalf of the government. Email it to my supervisor Ken. He can purchase it for us."

Question 8 of 10

Clear

Submit Answer



Use your keyboard (tab to answer then spacebar) or your mouse to select the best answer. Select Submit then wait momentarily for screen to advance

Mike really needs the air pump and feels it would avoid costly service calls. What should Mike do in this situation?

- ☐ A) Use his personal credit card to buy the air pump while it is on sale, and submit for reimbursement
- ☐ B) Tell the vendor: "I don't have purchase authority but my supervisor does so just send the bill to him."
- ☐ C) Tell the vendor: "I do not have the authority to make any commitments on behalf of the government."
- ☐ D) Tell the vendor: "I don't have a way to pay for it at this time but want to buy it. Can you hold it for me at that price while I get payment?"

If Mike does purchase the air pump without a purchase order, which of the following statements is true?

- ☐ A) Mike will definitely not be liable for the amount of the purchase
- ☐ B) A lengthy and costly ratification will have to be done for an air pump
- ☐ C) Mike will not face any personnel or performance rating consequences
- ☐ D) The pump will be delivered free of charge

Question 10 of 10

Clear

Submit Answer

Name

Date

I certify, I have reviewed the information above, and understand the proper use of the Fleet Charge Card per VA-Financial Policy Vol XVI, Chapter 3, Fleet Charge Card in regard to Unauthorized Commitments.